



Toyota Motor Sales, USA

Mary Nickerson, National Manager
Advanced Technology Vehicle Marketing

Driving Hybrids into the Mainstream



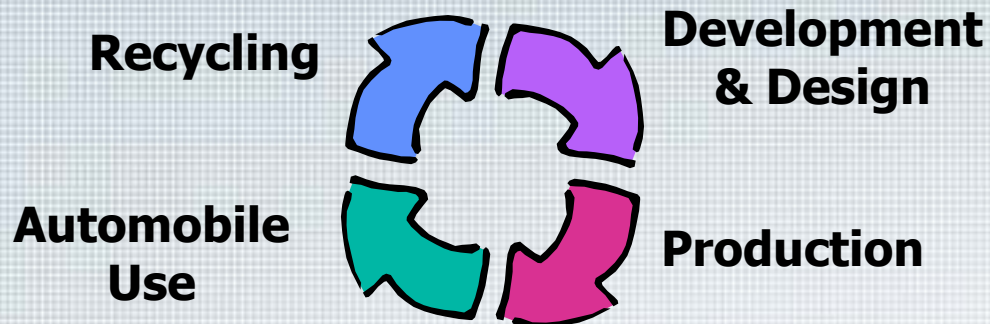
PRIUS



NOW.

Toyota Earth Charter

- In 1992, established an Earth Charter & Environmental Action Plan
- Commitment to Protect Environment at All Stages of Vehicle Development



PRIUS  **NOW.**

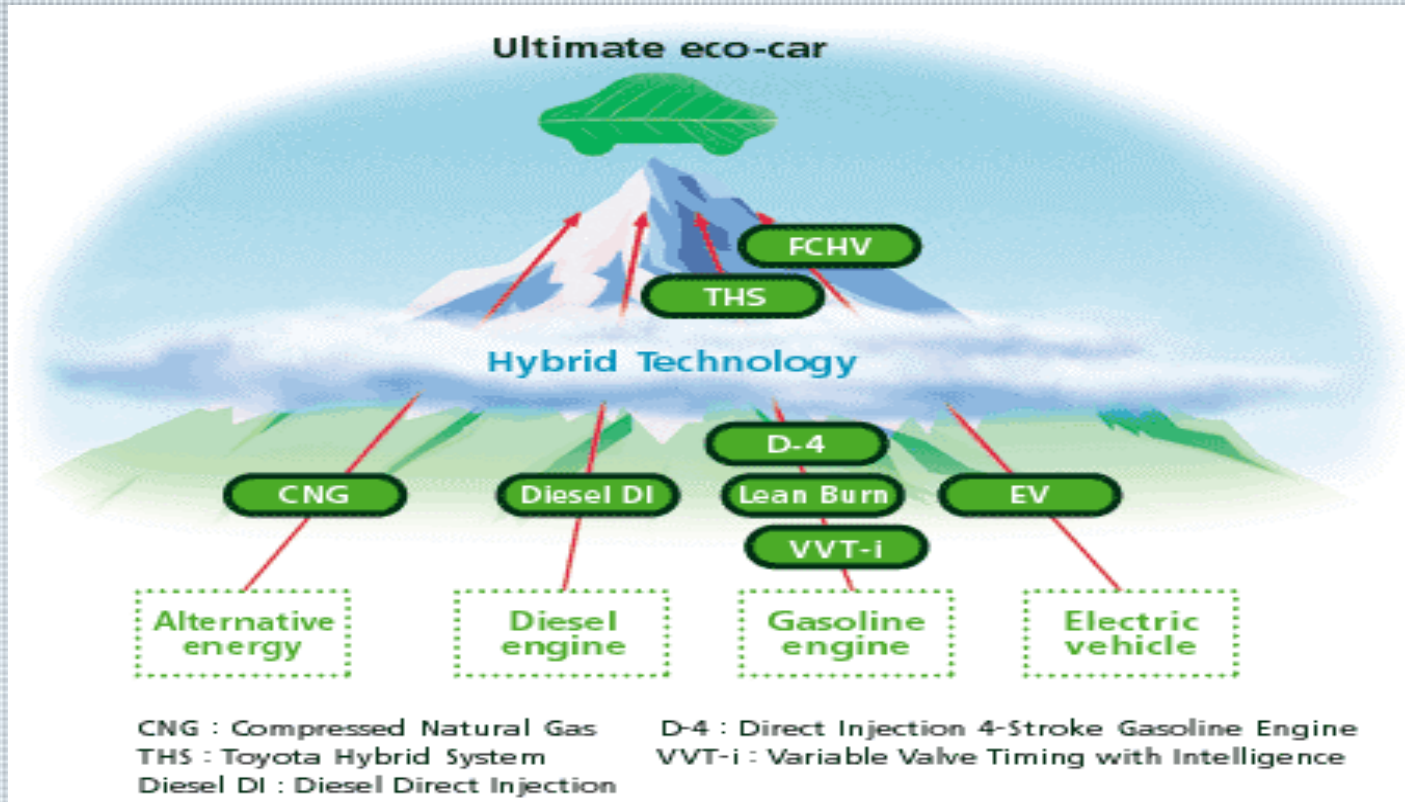


Principles of Toyota Earth Charter

- Growth in Harmony With the Environment
- Technologies That Benefit Both Environment & Company
- Voluntary Continuous Environmental Improvement
- Build Environmentally-Based Relationships in All Sectors



Toyota's Concept for CO₂ Reduction



PRIUS  NOW.



Prius: Corporate Opportunity

- Align Toyota brand with environment and technology
 - Emphasize technology and environment benefit
- Demonstrate practical alternatives to ZEV mandates
 - Work to align regulations with industry's capabilities
 - Show reasonable steps towards clean air



2001 Prius Goals

- Capitalize on corporate image opportunities
 - Gain environmental and technology image
 - Offer the market a clean solution without compromise
- Develop / implement strategic launch support plans
 - Build demand for the Prius & Toyota Hybrid System
 - Preserve future hybrid-dependent regulatory strategy
 - Demonstrate that Toyota was part of the solution
- Gain dealer participation / support for hybrid sales & marketing
 - Launch sales plan:
12,000 units





Initial U.S. Research

- Family demo. programs in critical U.S. markets
 - Publicized via the internet
 - Provided real world feedback / advocates
- Focus groups
 - Uncertainty about Prius benefits / practicality
 - Price is critical
- Clinics
 - High interest with innovators / tech. savvy
 - Price is critical
- Purchase accelerator
 - Identified Internet as a primary method to deliver product information

Conclusion: Use Alternative and Traditional Methods to sell Prius



2001 Prius: Key Selling Points

- Technology Leader
- Affordable transportation
 - Base price: \$19,995
- Clean operation
- Comfort and convenience
- Quality and Safety



Prius Launch Success

- Enhanced environmental & pioneering image
- Garnered extensive media attention
- Created celebrity community endorsements
 - Select celebrity events
- Promoted new government incentives
- Gained Internet business model experience
- Instilled consumer confidence

Sales Success

2000	5,562 units
2001	15,556 units
2002	20,119 units
2003	24,628 units



U.S. Automotive Market

- American light vehicle industry atypical of other worldwide car markets
 - Love of trucks and SUV's
 - High penetration of luxury vehicles
 - Low gas prices
 - Attitude of "bigger is better"
- Current 2004 U.S. selling rate may result in 16.8M total U.S. vehicle sales
- 2004CY U.S. Hybrid Sales Projections
 - Toyota Prius = 47,000
 - Honda Civic Hybrid = ~25,000
- New Hybrid Entries in 2004CY
 - Ford Escape Hybrid SUV, Honda Accord Hybrid



Toyota in the U.S. Market

2004 Toyota Sales CYTD	250,133
2004 Toyota Share of U.S. CYTD	10.4%
2004 Toyota Prius Sales CYTD	6,140
2004 Toyota Prius Share of Toyota	1.9%
2004 Prius Share of U.S. Hybrid	64.6%





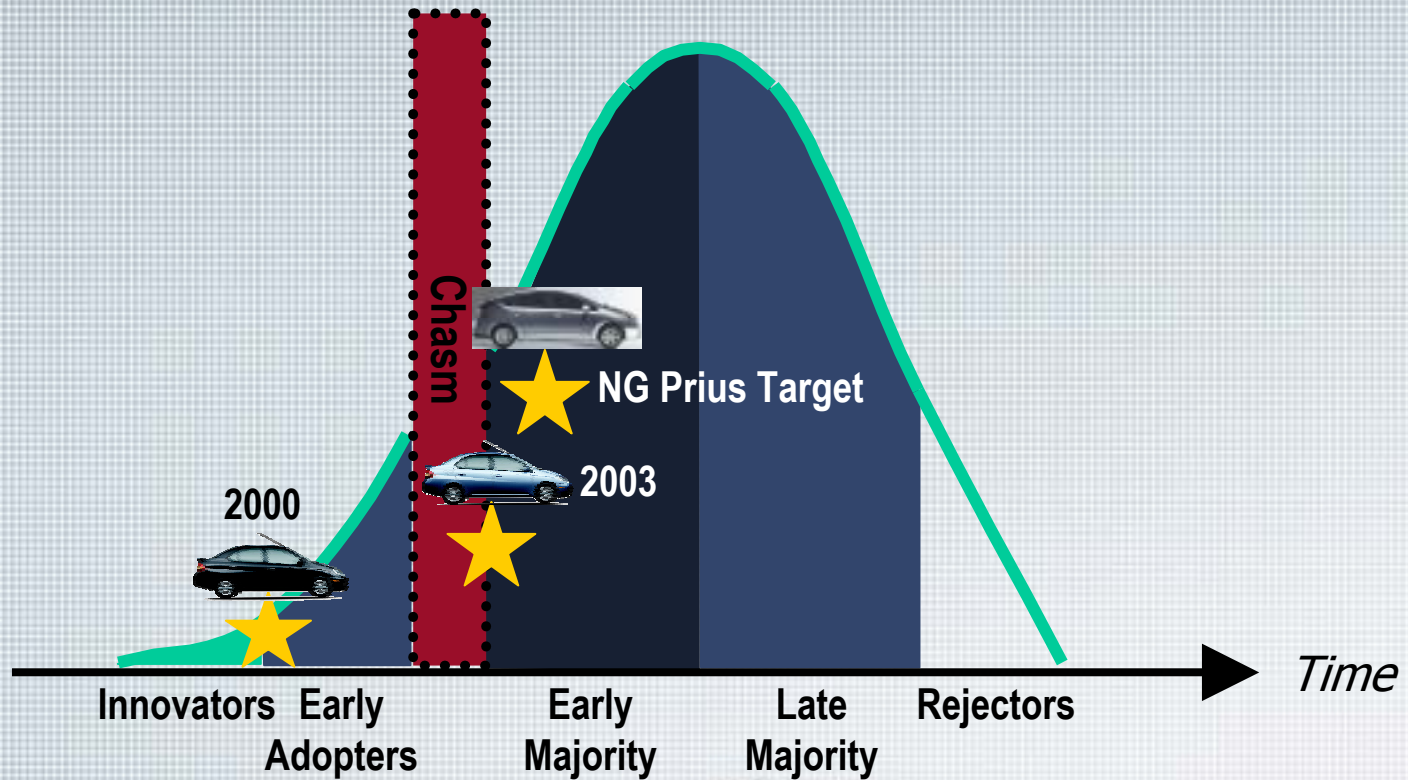
Evolution of Prius Target

- Early Majority
 - Time tested and reliable products
 - More economically focused
 - Risk averse
- Innovators & Early Adopter
 - Looking for the latest technology
 - Willing to take risks



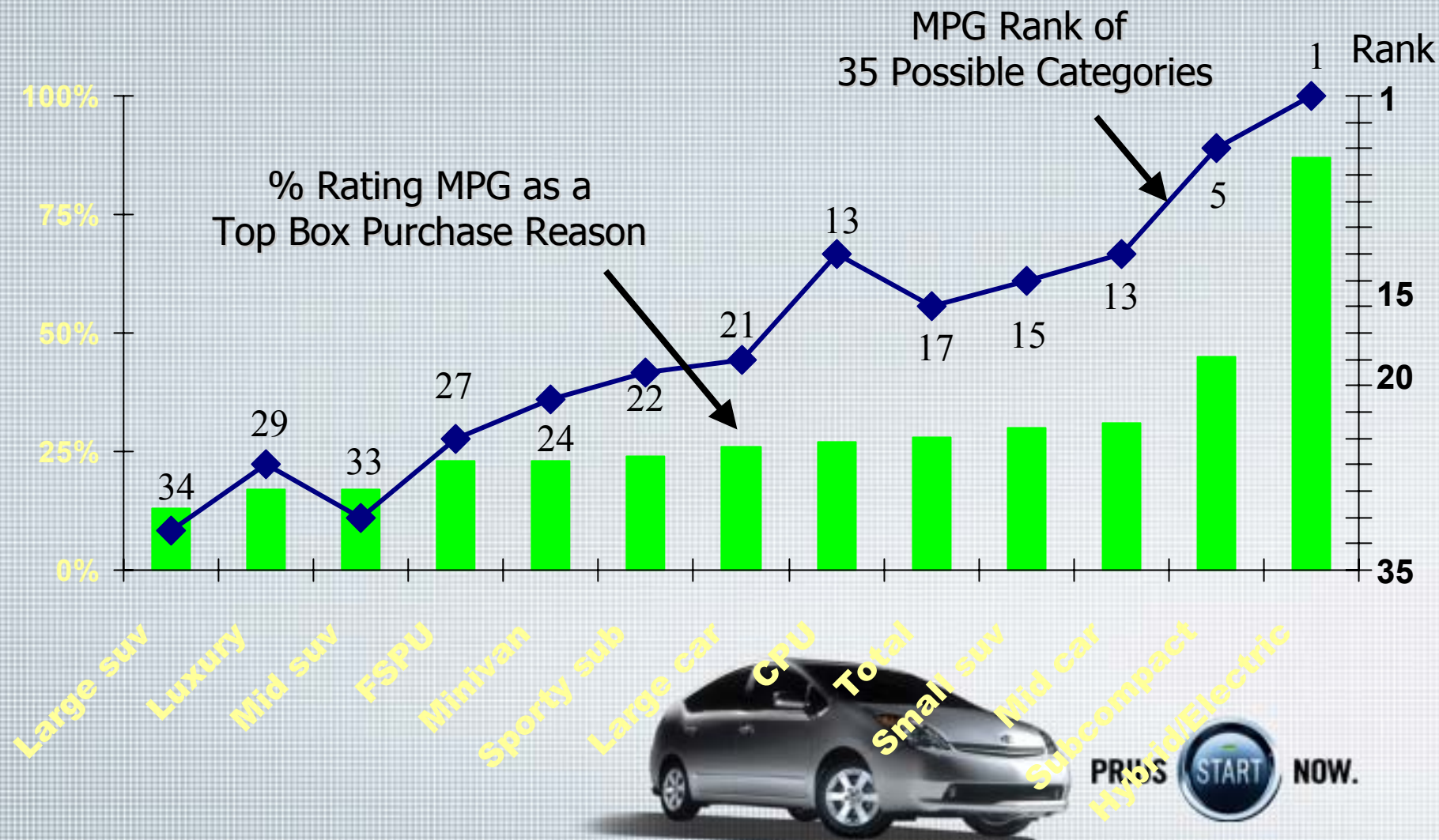


Prius: Crossing the Chasm



Source: "Crossing the Chasm" by G. Moore

MPG Purchase Reasons Ratings & Rankings



Source: 2001 CDS (Q1-4) Top Box